

WEIL, GOTSHAL & MANGES LLP
Stephen Karotkin (*pro hac vice*)
(stephen.karotkin@weil.com)
Jessica Liou (*pro hac vice*)
(jessica.liou@weil.com)
Matthew Goren (*pro hac vice*)
(matthew.goren@weil.com)
767 Fifth Avenue
New York, NY 10153-0119
Tel: 212 310 8000
Fax: 212 310 8007

KELLER & BENVENUTTI LLP
Tobias S. Keller (#151445)
(tkeller@kellerbenvenutti.com)
Jane Kim (#298192)
(jkim@kellerbenvenutti.com)
650 California Street, Suite 1900
San Francisco, CA 94108
Tel: 415 496 6723
Fax: 650 636 9251

*Proposed Attorneys for Debtors
and Debtors in Possession*

**UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN FRANCISCO DIVISION**

In re:

PG&E CORPORATION,

- and -

**PACIFIC GAS AND ELECTRIC
COMPANY,**

Debtors.

☐ Affects PG&E Corporation
☐ Affects Pacific Gas and Electric Company
☒ Affects both Debtors

** All papers shall be filed in the Lead Case,
No. 19-30088 (DM).*

Bankruptcy Case
No. 19 -30088 (DM)

Chapter 11

(Lead Case)

(Jointly Administered)

**DECLARATION OF MARK CARON IN
SUPPORT OF SUPPLEMENTAL MOTION
PURSUANT TO 11 U.S.C. §§ 105, 363(b),
507(a), AND 541(d) AND FED. R. BANKR.
P. 6004 AUTHORIZING DEBTORS TO
PAY PREPETITION TAXES AND
ASSESSMENTS AND GRANTING
RELATED RELIEF**

Date: March 27, 2019
Time: 9:30 a.m. (Pacific Time)
Place: United States Bankruptcy Court
Courtroom 17, 16th Floor
San Francisco, CA 94102

1 I, Mark Caron, pursuant to section 1746 of title 28 of the United States Code, hereby declare
2 under penalty of perjury that the following is true and correct to the best of my knowledge,
3 information, and belief:

4 I am Vice President of Tax at PG&E Corporation and Pacific Gas and Electric Company
5 (collectively, “**PG&E**” or the “**Debtors**”). I joined PG&E in 1992 and served for several years as the
6 director of Research, Planning and Audits. In 1998 I left PG&E to work as the Midwest energy tax
7 director at PriceWaterhouseCoopers and returned to PG&E in 2002 as the director of tax at the
8 National Energy Group, a subsidiary of PG&E. I was promoted to senior director and took over as
9 head of the Tax Department in 2007 and was promoted to my current role in October 2011. I hold a
10 bachelor’s degree in accounting from Bentley College and a law degree from the University of Maine.
11 Additionally, I am certified as a public accountant in the state of Texas.

12 I am knowledgeable and familiar with the Debtors’ day-to-day operations and, specifically, the
13 taxes and fees incurred and paid or remitted by the Debtors in the ordinary course of operating their
14 businesses. I am authorized to submit this Declaration on behalf of the Debtors. The facts set forth in
15 this Declaration are based upon my personal knowledge, my review of relevant documents, and
16 information provided to me by the Debtors’ other employees or the Debtors’ legal, restructuring, and
17 financial advisors. If called upon to testify, I would testify to the facts set forth in this Declaration.

18 This Declaration is submitted in support of the *Supplemental Motion of Debtors Pursuant to*
19 *11 U.S.C. §§ 105(a), 363(b), 507(a), and 541(d) and Fed. R. Bankr. P. 6004 Authorizing Debtors to*
20 *Pay Prepetition Taxes and Assessments and Granting Related Relief* (the “**Supplemental Motion**”),
21 filed concurrently herewith.¹

22 Among the various Taxes and Assessments that the Debtors sought authority to pay in their
23 *Motion of Debtors Pursuant to 11 U.S.C. §§ 105(a), 363(b), 507(a), and 541(d) and Fed. R. Bankr. P.*
24 *6004 Authorizing Debtors to Pay Prepetition Taxes and Assessments and Granting Related Relief*
25 [Docket No. 11] (the “**Tax Motion**”) were certain Pass Through Fees, which include utility users tax,
26 excessive electric use tax, business license tax, and city franchise surcharges and other fees collected

27
28 ¹ Capitalized terms used but not otherwise herein defined shall have the meanings ascribed to such terms in the Supplemental Motion.

1 through customer billings and remitted to the applicable state and local municipalities. Pass Through
2 Fees are calculated pursuant to statute or local ordinance, but are typically based either on total
3 revenues allocated based on the miles of line within the public right of way of the local jurisdiction or
4 on a specified percentage of the Debtors' gross revenues within a city's boundaries. In the Tax
5 Motion, the Debtors indicated that approximately \$79,700,000 in Pass Through Fees were owed as of
6 the Petition Date.

7 Subsequent to the filing of the Tax Motion, it was discovered that an aggregate amount of
8 approximately \$170 million in additional Pass Through Fees (the "**Additional Pass Through Fees**")
9 were inadvertently excluded from the estimated amount of outstanding prepetition Pass Through Fees
10 set forth in the Tax Motion. The Additional Pass Through Fees consist of franchise fees, franchise fee
11 surcharges, and city franchise surcharges (collectively, "**Franchise Fees**") that the Debtors owe to
12 approximately 260 cities and counties in California in consideration of the Debtors' right to use public
13 streets and property. While the estimated amount of Pass Through Fees set forth in the Tax Motion
14 included an estimate for Franchise Fees and related charges with respect to January of 2019, the
15 estimated amount of outstanding Franchise Fees for fiscal year 2018 were inadvertently omitted.

16 Of these omitted amounts, approximately \$40 million is due and payable on March 31, 2019
17 with the remaining approximate \$130 million coming due and payable on April 15, 2019. Franchise
18 Fees are customarily paid after reconciliation in March of the following fiscal year. The approximate
19 \$170 million in Additional Pass Through Fees is an estimate based on the Franchise Fees previously
20 paid by the Debtors for the 2017 fiscal year and is generally consistent with such fees remitted to local
21 agencies in prior fiscal years. The exact amount of Additional Pass Through Fees will not be known
22 until after a reconciliation is completed later this month. The Franchise Fees with respect to January,
23 2019 will be payable in March of 2020.

Pursuant to 28 U.S.C. § 1746, I declare under the penalty of perjury, that the foregoing is true and correct.

Dated: March 6, 2019

Respectfully submitted,

By: Mark T. Caron
Mark Caron